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C O N F I D E N T I A L SECTION 01 OF 02 DUSHANBE 000509

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SUBJECT: TAJIKISTAN BANKERS EXCHANGE: ANOTHER SET OF CONVERTS

CLASSIFIED BY: TJACOBSON, AMBASSADOR, STATE, STATE.  
REASON: 1.4 (b), (d)

**¶1.** (U) Summary: "Washington is the city of smiles!!" At an International Visitor Program exchange debrief March 28, Tajikistan's top bankers marveled as much about the technical and practical lessons observed in the U.S. banking system, as about at the openness of U.S. society and economy, and the warmth of the Americans they encountered during their February 22- March 3 visit. The visitor program -- designed to give professionals exposure to U.S. practices and leaders -- hit its target with a bang, leaving the Tajiks appreciative of the high-level attention and filled with ideas to continue the mutual understanding "exchange" aspect, by inviting U.S. bankers to visit Tajikistan and getting technical assistance. Post can use the new level of cooperation and goodwill to push for more regulatory and macro-economic reform, and hopes to leverage this through continued visits and attention from Washington. End Summary.

Strong Impressions

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**¶2.** (U) Despite the far-fetched (or face saving) observation that "U.S. Banks are just like Tajik banks, only you deal with billions of dollars, and we deal with hundreds of somonis," the heads of Tajikistan's top four banks and a National Bank official gained a solid respect for the regulatory and management facets of the U.S. system. In an animated debriefing the bankers thanked the Embassy for arranging such "high-level meetings" and spelled out some the things they found most impressive in the U.S. banking sector:

--The U.S. Federal Reserve System

--Module Management plans from Citibank

--Bankers' Associations: Saidmurodov, head of Agroinvest Bank observed that Tajik banks have no formal mechanism to lobby the government in their interest.

-- Credit bureaus

-- Credit Unions: Izatullo Lalbekov, head of Tojiksoditorot

Bank joined a savings association in Dallas, and marveled that with only \$5 down, he could get access to credit

--The New York Stock Exchange: "We've been trying to do this for three years in Tajikistan, and we are still at zero."

13. (U) ~and in the United States in general:

-- U.S. Agricultural production: "Twenty percent of your population is farmers and manage to feed the other 80%, where in Tajikistan, 70 percent of the population farms and still cannot feed the remaining 30%." (Note: We didn't explain the population involved in agriculture was actually much, much less than 20%. End Note)

--Democracy: Said Lalbekov: "People on the ground level have the right to express their points of view or wishes. If I saw someone wearing shorts in my village, I would make him change his clothes. But in the United States, everyone has the right to do what they want."

--American hospitality: "People were so smiley," they all noticed, particularly in Washington and Texas.

What Next?

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14. (U) The bankers all hoped to implement some of the processes they observed, but noted they would need technical assistance for some, including the following:

-- An association of bankers

-- Use of business plans

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-- Money laundering regulations

-- A stock exchange. Hasan Sadulloev, head of Orionbank, Tajikistan's largest commercial bank, requested technical assistance from the United States in helping establish a stock exchange in Dushanbe

15. (U) Mahmadamin Mahadaminov, head of Amonat State Savings bank requested technical assistance for English language proposal writing, as well as further exchanges for bankers and their staff. The bankers proposed inviting U.S. bankers to Tajikistan to show off their country and industry.

16. (SBU) At a reception March 30, Turakul Haqnazarov, the head of the National Banks' Banking Supervision department told PolOff the visit had been very successful, but bankers he accompanied still had many lessons to learn about supervision and banking systems. The program had opened their eyes to some of the regulatory aspects that they had previously ignored. "Still, we need to keep repeating the lessons."

Next Steps

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17. (U) USAID's Banking Supervision program has helped push Tajikistan's banking supervision towards the modern age, but will need continued support and funding.

18. (U) Post would welcome visits, short or long-term, from officials who would reinforce the message about banking systems and structures. Post also requests technical assistance on money laundering regulations, either through visits or training programs for bankers and legislators.

19. (C) Comment: The composition of the delegation made this program particularly important and successful in getting our message on economic reform and U.S. values to Tajikistan's top

leadership. Sadulloev is not just the Orionbank head, but President Rahmonov's brother-in-law, key confidant and advisor. Due to his heavy workload, he agreed to participate only after strong requests from the Ambassador and others. His exposure to U.S. banks and top-level officials may have provided us with a backdoor to the somewhat isolated President Rahmonov. Programs like this are the best way we can compete with the Russians and Iranians for influence and access. End Comment.

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